



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Michael Kashiwagi  
Interim Director, Oakland  
Public Works

**SUBJECT:** Western States Oil Company,  
Automotive Fuel Contract

**DATE:** September 24, 2024

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City Administrator Approval

  
Jestin Johnson (Sep 19, 2024 16:11 PDT)

Date: Sep 19, 2024

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## **RECOMMENDATION**

**That The City Council Adopt A Resolution Authorizing The Award Of A Contract To Western States Oil Company, The Lowest Responsive And Responsible Bidder, A Non-Local Business Enterprise, For The Purchase Of Automotive Fuel, In An Amount Not To Exceed Four Million Dollars (\$4,000,000) Per Year For A Three (3) Year Term, From October 1, 2024 Through September 30, 2027, In Response To RFQ 295516 Fuel Including Diesel and Gasoline 24-071-00, And Authorizing The City Administrator To Extend The Agreement, Annually, For An Additional Two (2) Years, From October 1, 2027 through September 30, 2029, For A Total Not To Exceed Contract Amount Of Twenty Million Dollars (\$20,000,000) Over A Five (5) Year Term, Without Returning To City Council**

## **EXECUTIVE SUMMARY**

The Public Works, Bureau of Maintenance and Internal Services (BMIS), Equipment Services Division is responsible for maintaining all City owned vehicles and equipment. This includes ordering and supplying gasoline and diesel fuel which is distributed to (32) unique locations throughout the City. The purchase of unleaded and renewable diesel fuel is essential to support the fleet of 1,900 assets that are used to provide emergency response and other services in the community. These 1,900 assets consume approximately 850,000 gallons of fuel annually while being utilized by staff to perform work throughout the City. The assets are used to support police and fire operations, as well as illegal dumping, streets, sewers, drainage, parks, trees and all other functions within the City that require staff to utilize vehicles and equipment to perform their work.

## **BACKGROUND / LEGISLATIVE HISTORY**

In Fiscal Year 2023-2024 the City purchased 846,000 gallons of unleaded and renewable diesel fuel costing approximately \$3,640,000. This amount of fuel was consumed by (28) fuel tanks and (17) emergency generators located throughout the City of Oakland.

Current Contract Purchase Order (CPO) 2023010154 was created and extended through the cooperative agreement process with the County of Santa Clara. The spending capacity for this contract is forecasted to be exhausted in October 2024. Awarding this contract is necessary to avoid any disruption of City services. If this contract expires, staff must obtain competitive spot bids for each week of fuel purchases, which is a time-consuming process for both staff and the Purchasing Section.

## **REASON FOR URGENCY**

This is an urgent matter because the current contract with our fuel provider has exhausted the funding capacity of the contract. The current contract was supposed to be a temporary measure as not to disrupt the fuel supply while Purchasing bid the fuel supply contract out. The bidding process has taken longer than anticipated and the contract capacity for the current temporary contract has now been exhausted. If we do not get this contract in place soon, we will be in jeopardy of disrupting our fuel supply deliveries.

## **ANALYSIS AND POLICY ALTERNATIVES**

On August 16, 2024, the City issued a Request for Quote (RFQ) notice in accordance with the Oakland Municipal Code (OMC) 2.04.050 - Bid procedure. The notice was advertised in the local newspaper, published on the City's website and issued through Oracle Sourcing which also includes hundreds of registered vendors. A total of (16) business enterprises were identified and solicited directly.

On August 22, 2024, the City Clerk received two bids from Western States Oil Company and Pinnacle Petroleum Incorporated, both non-local business enterprises. Based on the information provided in response to RFQ 295516 fuel Including diesel and gasoline 24-071-00, Western States Oil Company was deemed the lowest responsive and responsible bidder.

Awarding this contract to Western States Oil Company would support the Citywide priorities of **Holistic Community Safety** and **Responsive, Trustworthy Government**. Fuel availability for the City's fleet and equipment ensures that City staff have adequate, safe equipment to fulfill responsibilities and maintain services to the residents and visitors of the City.

## **FISCAL IMPACT**

Funding for this fuel contract in the amount of \$3.9 million is available in the Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Fuel 52888; Administrative Project 1000010; Fleet Management and Maintenance Program IN01; additional funding will be

identified prior to committing further funds to this contract. For future fiscal years, contractual financial provisions will be contingent upon funding availability. There is no minimum commitment to this contract and funds will not be committed beforehand unless funding is identified.

**Table 1** outlines the total contract amount for the three-year term and the two, one-year options to renew for a total contract amount of \$4,000,000.

| <b>Contract Year</b>           | <b>Contract Amount</b> |
|--------------------------------|------------------------|
| October 2024 - September 2025  | 4,000,000              |
| October 2025 - September 2026  | 4,000,000              |
| October 2026 - September 2027  | 4,000,000              |
| October 2027 - September 2028* | 4,000,000              |
| October 2028 - September 2029* | 4,000,000              |
| <b>Total Contract Amount:</b>  | <b>\$ 20,000,000</b>   |
| *Optional Extension            |                        |

### **PUBLIC OUTREACH / INTEREST**

On August 16, 2024, Request for Quote (RFQ) 295516 for automotive gasoline and diesel fuel was sent to (16) non-local businesses, posted on the City's web page and advertised in the City's official newspaper in accordance with Oakland Municipal Code (OMC) 2.04.050.

On August 22, 2024, the City received two bids, one from Western States Oil Company and the other from Pinnacle Petroleum Incorporated. Both bids are from non-local businesses. Western States Oil Company was deemed the lowest bidder.

### **COORDINATION**

Oakland Public Works (OPW) Equipment Services Division staff coordinated with the City Administrator's Office, the Purchasing Department, the Budget Office and the Office of the City Attorney in preparation of this report and resolution.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** This award would require approximately \$4,000,000.00 per contract year.

**Environmental:** There are no environmental impacts concerns associated with this report.

**Race and Equity:** There are no race and equity impacts associated with this report.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

This action is exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) (common sense exemption and 15306 (information collection)).

**ACTION REQUESTED OF THE CITY COUNCIL**

That The City Council Adopt A Resolution Authorizing The Award Of A Contract To Western States Oil Company, The Lowest Responsive And Responsible Bidder, A Non-Local Business Enterprise, For The Purchase Of Automotive Fuel, In An Amount Not To Exceed Four Million Dollars (\$4,000,000) Per Year For A Three (3) Year Term, From October 1, 2024 Through September 30, 2027, In Response To RFQ 295516 Fuel Including Diesel and Gasoline 24-071-00, And Authorizing The City Administrator To Extend The Agreement, Annually, For An Additional Two (2) Years, From October 1, 2027 through September 30, 2029, For A Total Not To Exceed Contract Amount Of Twenty Million Dollars (\$20,000,000) Over A Five (5) Year Term, Without Returning To City Council

For questions regarding this report, please contact Joseph Williams, Equipment Services Manager, at (510) 615-5489.

Respectfully submitted,



MICHAEL KASHIWAGI

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Oakland Public Works

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Equipment Services Division